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From: Lance Weaver <lweaver@AltaMesa.net> on behalf of Lance Weaver <lweaver@AltaMesa.net>
Sent: Friday, July 20, 2018 3:22 AM
To: Kevin J. Bourque <kbourque@AltaMesa.net>
Subject: Re: Notes from NYC portion of Imperial NDR - Thursday

No

On Jul 19, 2018, at 10:19 PM, Kevin J. Bourque <kbourque@AltaMesa.net> wrote:

ESPs only affect rate, not EUR. Be careful with that.

Sent from my Android phone using TouchDown (www.symantec.com)

-----Original Message-----

From: Lance Weaver [lweaver@AltaMesa.net]
Received: Thursday, 19 Jul 2018, 22:15
To: Hal H. Chappelle [hchappelle@AltaMesa.net]
CC: Jim Hackett [jhackett@AltaMesa.net]; Scott Grandt [sgrandt@AltaMesa.net]; Kevin J. Bourque [kbourque@AltaMesa.net]; Tim Turner [tturner@AltaMesa.net]; Craig Collins [CCollins@kingfishermidstream.net]; Michael A. McCabe [mmccabe@AltaMesa.net]; Tamara Alsarraf [talsarraf@AltaMesa.net]
Subject: RE: Notes from NYC portion of Imperial NDR - Thursday

Early stages of testing/implementing use of ESP. Discussed pros/cons of their use and optimal time to install them (post sand issues) and at what stage in the life of the well – typically later vs earlier in life of well. Discussed use by other operators vs gas lift and the possible/probable negative impact on EUR despite higher IP rates. Use of the ESP has good/great possible rate impact and we were cautiously optimistic as to their wider use in the play.

From: Hal H. Chappelle
Sent: Thursday, July 19, 2018 10:05 PM
To: Lance Weaver <lweaver@AltaMesa.net>
Cc: Jim Hackett <jhackett@AltaMesa.net>; Scott Grandt <sgrandt@AltaMesa.net>; Kevin J. Bourque <kbourque@AltaMesa.net>; Tim Turner <tturner@AltaMesa.net>; Craig Collins <CCollins@kingfishermidstream.net>; Michael A. McCabe <mmccabe@AltaMesa.net>; Tamara Alsarraf <talsarraf@AltaMesa.net>
Subject: Re: Notes from NYC portion of Imperial NDR - Thursday

Thanks

You mentioned ESPs a couple of times ... what did you say?

Sent from my iPhone

On Jul 19, 2018, at 9:57 PM, Lance Weaver <lweaver@AltaMesa.net> wrote:

Imperial Capital NDR – New York – Thursday 07/19/18

Hewes Funds – Matt Dinusson - New addition to Hewes team – brought on board by PM

Travis Meyers.

Broadly familiar with the AMR so brought him more up to speed on the story. Discussed KFM third party status and activity, impact of ESP's, review of Major county, LOE. Seeking 2018 exit rate. Cost inflation concerns, CE pipeline – cost, timing and impact on revenue. Rig cadence for 2018 & 19. Consider stock repurchase?

Hewes holds ~ 2mm shares w/ ~\$9 basis

Spectrum Group – Brian Asby, Shawn Shivalkar - Hedge fund – equity and credit, not current holders

Review of Q1 hiccups, MRO issue and impact on STACK producers, Major county discussion - first well, 5-6 total, expectations are good. What does 2018-19 look like in Major county? Acreage acquisition, 4,200 locations – is this enough? Review of balance sheet, KFM financials. CE pipeline - economic benefit for upstream and KFM? KFM dropdown, Three revenue streams on KFM, oil, gas, water. Distressed investors.

Question for them: What's the hair on our story, that keeps you from taking a position? - Not a clean story, more complex than competing investment opportunities, need more coverage and clarity.

Jennison – Neil Brown, Matt ?

KFM update, CE pipeline discussion and economics, KFM revenue streams – oil, gas & water, explain and promote water portion. GS report review – too conservative. Major county activity, rig cadence, M&A opportunities. Messy accounting issues in Q1. We mentioned change from BDO to KPMG – could not care less. ESP usage and impact. Drilling pad discussion, BCE discussion, Confirm and explain softness of KFM third party activity. KFM dropdown options – mid-2019. NGL prices, Conway vs Mt B – should we be concerned? (note that several groups brought this up). Frac sand supply – no issues – explained why, Balance sheet discussion, Hedges discussion. They like Derrick Whitfield's analysis and conclusions.

York Capital – Thanasi Skafidas +1 (Ryan?)

Where is Scott Grandt – his former boss at GS? STACK knowledge was high. Investors in other PE backed STACK producers (sp? Millinium, Linn, Gastar, Roan, Riviera Resources (Linn?)), 84K acres? They know the area very well, but oddly not much about AMR. Cash burn in 18? Trading at 4x ebitda. KFM built for flow assurance, review of upstream asset history, infrastructure solid, SWD becoming a profit center, CE pipeline and impact, rig cadence, Major county overview and possibilities, discussion of corporate structure, KFM dropdown, inlet capacity, review of KFM guidance, NGL options – Conway vs Mt B - explain. Do you want/need to maintain control of KFM? Talloak discussion, add another train if needed, multi pad drilling, issues on taking wells offline for fracing? What does 2020 look like for KFM, AMR? Explain non-consent issues - because of budgets. Explain AMR formation and base business plan. Share liquidity concerns – impact of Riverstone share lockup. Hedging philosophy and review. Mike discusses SWD issues in the stack and promotes KFM three stream advantage.

Walked away with impression they will be doing a deeper dive on AMR.

Fir Tree – Andrew Teno (video call from Miami) Holders at average of \$7, level?

Review of messy accounting numbers for Q1, STACK drilling cadence 8 rigs, multi well pad drilling, 4 wells per pad to maximize production in 18 lower working capital. 2019 guidance – when? Review of capex, 1 mile vs 2 mile and numbers of stages, Osage vs Merrimack. Review of moving assets from other basins STACK. Message from Mike, delayed start for public co, dropped rigs to 5 at YE 17, so 4-6 months behind, waiting to show 2-3 Q's of execution. Fighting myths of normal pressure stack not being economic. Review of gas take away options and issues, do we use ARM? Lockup ended – impact? M&A strategy and process, liquidity

discussion and debt, borrowing base review. KFM growth - seeing any increase in activity? Producers are capital constrained, Gastar impaired, Chisum 3 rigs, KFM dropdown, MLP or C Corp? KFM ebitda needed to IPO?

TCW Group – Diane Jaffee

Overview of company and assets – company history + merger story. SWD discussion and revenue stream. STACK vs Permian – size, scale, limited expansion? Normal vs overpressured area - explain. Seismic activity – issue for AMR? Multi-well pad drilling – pros/cons. Hackett role and current duties. AMR gearing up for growth – corp structure & ops. Capex review, Messy Q1 accounting – explain. Goal of being CF positive by 2019. M&A opportunities. Own, follow Newfield. Liquidity concerns. Mike misspoke on a couple of production stats as he was clearly distracted by Gigi the modelesque finance intern in attendance who he swears was giving him “the eye”.

From: Lance Weaver

Sent: Wednesday, July 18, 2018 11:09 PM

To: Hal H. Chappelle <hchappelle@AltaMesa.net>; Jim Hackett <jhackett@AltaMesa.net>; Scott Grandt <sgrandt@AltaMesa.net>

Cc: Michael A. McCabe <mmccabe@AltaMesa.net>

Subject: Notes from Boston portion of Imperial NDR

Berylson Capital - Nick Nesta

Great meeting, discussion and review of the following: Company history, former assets and current assets, midstream, production, frac options, M&A opportunities, SPAC, Hackett, KFM, value of current and future infrastructure, Capex. They have a deep history of worldwide oil & gas investments, was impressed with our story.

Geode Capital - Ted Blake - holders of a “few hundred thousand shares” with additional capacity.

Discussion and review of the following: midstream ebitda run rate, water transport and revenue opportunities, \$0.15 cost, vs \$1.00 charge, Cimarron Pipeline discussion, \$1-2 per bbl price premium with 40-42 API oil, GS research discussion – conservative estimates, rig cadence, 8 this year going to 10+ in 2019. Mike reiterated the midstream water revenue opportunity and that gas take away will not be an issue for us. Ted, “Everything is looking pretty good and that now we need to execute”. He will review and consider additional investment after 2Q, also looking to see ramp up in coverage. Execution on upstream, traction on midstream, buy more stock.

Highfield Capital - Dan Farb, Garrett Z.

Discussion on production guidance, cadence of drilling and completing, pro/con on additional rigs above current level for 2018. Gas take away issues, review of GS report, midstream discussion, revenue streams – oil, gas, water (\$1/bbl revenue vs \$0.15 cost). If other midstream third party players are weak, is AMR weak? Discussion and confirmation of midstream guidance

Putnam – David Diamond+2 Hold bonds and some equity

Review of capital structure – bonds & borrowing base, Capex for 2018, Hedges for 2018-19, M&A strategy and opportunities, Major county and MRO wells. Where is KFM relative to original plan? Cimarron Express, SWD opportunities, ESP upside and impact, What does the company look like five years from now? Can you eventually live within cash flow? Exit rate for 2018?

Wellington – Greg LeBlanc, Steve Angeli + 1

Detailed KFM review and discussion, KFM original plan vs current plan, Original third party producers plans vs current plans, Capex for KFM 18&19, Review of KFM revenue streams – oil, gas, water. NGL prices. Pad drilling well results – parent/child relationship/issues. Service cost inflation? Balance sheet review and hedge. Seismic concerns? KFM IPO timing and options. Would like to see better, and more recent third party confirmable well production data each quarter, or at least at mid-year.

Hite Hedge - Dan Neuman, Andy Gupta, Matt Niblack

Review reason for merger delay and related impact on third party production. Current guidance, Balance sheet discussion, M&A options/competition, Private equity issues. Acquisition criteria for acreage/leases. Valuation misconception discussion, ESP impact, service cost, pro/con of additional rigs above current level, Jim Hackett role/duties.

Crow Point – Tim O'Brian & Bert Andernie,

Gastar preferred holders, discussion of KFM dropdown plans, gas contracts, cash levels and debt, why fire BDO? Production mix.

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